



MISSOURI STATE TREASURER

CLINT ZWEIFEL

MIDTERM REPORT

FEBRUARY 2015



Introduction	5
---------------------------	----------

Missouri State Treasurer Clint Zweifel	6
---	----------

Protecting Taxpayers	7
-----------------------------------	----------

Investments, Banking and Unclaimed Property

Investing Taxpayer Dollars	8
---	----------

MOSERS, Partnerships with Local Governments

Fiscal Health	9
----------------------------	----------

Missouri Linked Deposit Program, Ferguson Small Business Relief Fund and the Missouri Military Partnership

Protecting and Caring for the Vulnerable	11
---	-----------

Missouri Housing Development Commission, Unclaimed Property Military Medals and Financial Literacy

Providing Access to Higher Education	13
---	-----------

MOST—Missouri's 529 College Savings Plan

Next steps — 2015 and beyond	15
---	-----------

Introduction

Clint Zweifel (ZWY-ful) was elected Missouri's 45th State Treasurer on Nov. 4, 2008, and was re-elected to his second and final term as Treasurer in 2012. This report looks at the progress of Treasurer Zweifel's second term built on the successful policies and services developed throughout his administration while providing an overview of Treasurer Zweifel's responsibilities to Missouri's citizens.

From the start of his first term and throughout his tenure as State Treasurer, Clint Zweifel has focused on running an efficient and effective office by prudently investing the state of Missouri's money, protecting taxpayer dollars, and managing risk during difficult economic times. He has worked to combat homelessness, engage with military families and veterans, and contribute significantly to Missouri's economic growth. He has protected taxpayer dollars, empowered our most vulnerable, and made his office more accessible to Missourians through the use of technology.

Each section of this report looks at different areas of Treasurer Zweifel's office, the boards and commissions of which he is a member, and the roles he has taken on as a public servant.

Missouri State Treasurer Clint Zweifel

Investing, Protecting Taxpayer Dollars

As State Treasurer, Clint Zweifel is protecting taxpayers, developing strategies for economic growth, and helping Missourians access affordable higher education. His commitment to an open and responsive government has led to five consecutive clean audits.

As the state's chief financial officer, Treasurer Zweifel manages and invests Missouri's \$3.5 billion portfolio and oversees more than \$24 billion in state spending every year. Through responsible investment practices he has protected Missouri's AAA credit rating during difficult economic times.

Treasurer Zweifel works hard to return the Unclaimed Property he protects for account owners and continues to set new records, returning more than half of all Unclaimed Property ever returned in state history.

Treasurer Zweifel represents Missouri taxpayers on a number of boards and commissions. On the Missouri Housing Development Commission, the Treasurer continues to fight for affordable housing for Missouri's most vulnerable. His efforts have resulted in more than one thousand units of quality low-income housing for Missouri families at no additional cost to taxpayers.

Treasurer Zweifel has been a strong advocate for increasing pension security in a way that protects taxpayers and retirees, particularly as a member of the Board of Trustees for the Missouri State Employees' Retirement System (MOSERS). In 2014, the Treasurer developed and successfully championed legislation to protect public retirees from pension advances, a predatory business lending practice which essentially provides payday loans borrowed against a public pension. Missouri is the first state in the nation to prohibit the practice.



As the chairman of Missouri's Higher Education Savings Program Board, Treasurer Zweifel has pushed for increased access to affordable, quality higher education by managing MOST – Missouri's 529 College Savings Plan. His leadership has resulted in an all-time high in investments and accounts.

Treasurer Zweifel grew up in North St. Louis County. He graduated from the University of Missouri – St. Louis with a B.A. in political science, and a Masters of Business Administration. He currently resides in Columbia with his wife, Janice, and their daughters, Selma and Ellie.

Protecting Taxpayers

Investments

As Missouri's Chief Investment Officer, Treasurer Zweifel has worked diligently to protect our state's \$3.5 billion investment portfolio. Even during difficult economic times, Treasurer Zweifel maintained a focused, conservative fiscal policy ensuring taxpayers were in a strong, liquid position and minimizing risk for taxpayers.

Banking

Treasurer Zweifel oversees banking operations for the State of Missouri. His office processes more than 6,000 checks a day and more than 1.5 million checks each year. The Treasurer is responsible for overseeing each state agency's allotment of state funds, allocated by the Governor and General Assembly. In addition, Treasurer Zweifel processes more than 3.6 million ACH transfers annually and manages 437 state funds for various departments and agencies.

Unclaimed Property

Treasurer Zweifel protects more than \$822 million in Unclaimed Property for more than 4.8 million account owners. Unclaimed Property can belong to individuals, businesses, nonprofits or any entity that conducts financial transactions. It can come from abandoned bank accounts, uncollected insurance

Treasurer Zweifel has returned more than 50% of Unclaimed all Property ever returned in state history, \$221 million

policies, uncashed checks and more. State law requires financial institutions, insurance companies, public agencies and other business entities to turn over assets to Treasurer Zweifel after a statutorily-defined period

of time, generally five years. The assets are held by the office in perpetuity until the original owners or a proper heir is located. All Unclaimed Property is returned free of charge.

Treasurer Zweifel has utilized technology to improve services provided to Missourians searching for and claiming Unclaimed Property. These efforts continue to grow, decreasing wait times, improving returns and making Missouri a national leader in Unclaimed Property innovations, including paperless claims, search kiosks and email alerts. Missourians can search for Unclaimed Property, begin the claims process, register for email alerts, and email search results to family and friends at www.ShowMeMoney.com.



In February 2014, Treasurer Zweifel returned \$10,000 in Unclaimed Property to the American Red Cross. The American Red Cross is one of 20 charities eligible to receive Unclaimed Property donations in Missouri.

Maintaining an Efficient, Accountable Office to Taxpayers

The 2014 audit marked the fifth consecutive clean audit for Treasurer Zweifel's office. The Auditor has found no material deficiencies in internal controls and no instances of legal or contractual noncompliance or other matters required to be reported under Government Auditing Standards.

Investing Taxpayer Dollars

MOSERS

Treasurer Zweifel's duties include serving on the Missouri State Employees' Retirement System (MOSERS) board as a trustee. Here he has worked to protect Missouri retirees by managing their retirement funds and investments while championing legislation that furthers these goals. In July 2014, Treasurer Zweifel's top legislative priority, House Bill 1217, was signed into law by Governor Nixon. This new law protects public retirees from pension advances, a predatory lending practice which essentially provides payday loans borrowed against a public pension. Missouri was the first state in the nation to take this step. House Bill 1217 also contained a provision that prevents public employees in retirement systems from collecting a pension if they have been convicted of felonies that breach the public's trust in connection with their job. These new laws went in to effect on August 28, 2014.

Treasurer Zweifel has also been working to strengthen the sustainability of State Public Pensions and accountability to Missouri taxpayers. In September 2014, Treasurer Zweifel proposed a mandate that protects MOSERS from potential pitfalls by keeping the state's contribution rate the same as the prior year until the system is 80 percent funded. The measure was unanimously accepted by the board.

Partnerships with Local Governments

Treasurer Zweifel held his second Investment Conference in Creve Coeur, Missouri on October 29, 2014. The Investment Conferences are part of Treasurer Zweifel's ongoing effort to serve as a resource for local governments and political subdivisions, including

counties, cities, school districts, school boards, ambulance districts and fire protection districts.

The 2014 conference had more than 80 registrants

and covered topics relevant to public fund managers, including establishing an investment policy, issuing bonds and determining acceptable collateral for time deposits. The first Investment Conference was held in Jefferson City in October 2013. The 2015 investment conference is planned for the Kansas City area during a similar time frame.



Fiscal Health

Growing Missouri's Economy

MISSOURI LINKED DEPOSIT *Loans to Develop Our Future*

Missouri Linked Deposit Program

The Missouri Linked Deposit Program partners with financial institutions to offer low-interest loans to Missouri-based businesses. Treasurer Zweifel has made expanding this program a priority of his administration, which has led to a 50 percent expansion in the program and he has approved more than \$1.8 billion in Linked Deposit loans to Missouri businesses. In addition to expanding the program through greater efficiencies, less red tape, and aggressive recruitment, the Treasurer worked with the legislature to pass *Invest in Missouri* in 2009, an economic development package which has allowed banks to make \$400 million worth of loans that they otherwise would not have been able to make. In 2011, Treasurer Zweifel worked with the state legislature to remove the sunset from the Missouri Linked Deposit Program, allowing this vital small business development tool to remain available to Missouri businesses in perpetuity.

The Missouri Linked Deposit Program has shown impressive growth all across Missouri, with investments in the St. Louis region increasing by more than 900 percent and investments in the Kansas City region growing almost 350 percent since 2009. The increase in business investment through the Missouri Linked Deposit Loan Program in Greene County has been particularly impressive. In 2009, Greene County had a little over \$1 million in Linked Deposit loans; in 2014 Greene County had \$45.6 million in loans and accounted for almost 15 percent of all new Linked Deposit loans.

In May 2011, recognizing a vital need for much faster loan processing for businesses and farms impacted by the record floods that the state's Mississippi and Missouri River communities faced, Treasurer Zweifel created the Harmed-area Emergency Loan Priority

(HELP) system, which allows borrowers in counties with declared disasters to receive 24-hour approval on Linked Deposit applications – 10 times faster than the regular approval process. Since 2011, 183 HELP Linked Deposit loans totaling more than \$70 million have been approved for businesses and farms impacted by floods, droughts and tornadoes.

Ferguson Small Business Relief Fund

Treasurer Zweifel consistently takes the responsibility of public service beyond the duties of his office. That commitment to service was evident during the aftermath of the events in Ferguson, Mo., beginning in August 2014. The Treasurer acted quickly and decisively to ease tensions and protect economic stability in the region. Within days of the rioting and looting that forced area small businesses to close their doors and shutter their windows, Treasurer Zweifel was on the ground leading a team of business and economic development leaders to talk directly with businesses in order to effectively respond to the needs of the community.



Treasurer Zweifel was joined by Governor Nixon and St. Louis Economic Development Partnership President Rodney Crim to announce the new Ferguson Small Business Relief Program on August 28, 2014.

The Treasurer worked behind the scenes to establish the Small Business Relief Program, created to offer financial assistance to the small businesses that were negatively affected by the unrest in the form of low-

or zero-interest loans. As part of the overall efforts, Treasurer Zweifel also utilized the HELP designation making the Missouri Linked Deposit Program immediately available to those impacted. To date, more than \$510,000 in grants and loans have been approved for dozens of area businesses as a direct result of his work.

Treasurer Zweifel continues to stay engaged with Ferguson and surrounding communities to ensure that long-term economic needs are adequately addressed.

Missouri Military Partnership

Treasurer Zweifel was appointed to lead the Missouri Military Partnership by Governor Nixon in January 2014 with the stated goal to protect, retain and enhance Department of Defense activities in the State of Missouri.



Treasurer Zweifel joins Governor Jay Nixon and representatives from military communities on January 10 to announce new Missouri Military Partnership.

In Missouri, Fort Leonard Wood, Whiteman Air Force Base and the Missouri National Guard are serving critical strategic missions for the United States Armed Forces. There are thousands of troops, civilians and families on these bases and in the communities around them that depend on the installations for their livelihoods. Additionally, DOD spending results in \$40 billion in economic activity each year and more than 275,000 direct and indirect jobs in Missouri.

The Partnership's purpose was to protect and enhance the defense investments our nation has made in Missouri by guiding Missouri's actions here at home and advocating for these continued investments in our nation's capital. In the Executive Order creating the Partnership, Governor Nixon directed the Treasurer

to complete a report by March 31, 2014 outlining strategies for effective collaboration among public officials, businesses and other stakeholders to retain and strengthen military installations in Missouri.



Treasurer Zweifel visits the 139th Airlift Wing, Missouri Air National Guard at Rosecrans Air National Guard Base in St. Joseph, Mo.

Through Treasurer Zweifel's meetings with Missouri's congressional delegation and their professional staff, members of the President's administration, Pentagon officials, state leaders, base leadership and community groups, he developed 16 recommendations contained within six overarching principles:

1. Speak with a clear, unified voice.
2. Formalize state executive branch efforts to support and grow Missouri military installations.
3. Foster the creation of community organizations, partnerships and agreements.
4. Protect military families in Missouri through financial literacy.
5. Build Missouri's military brand.
6. Understand specific challenges and opportunities for installations and the Missouri National Guard.

Treasurer Zweifel's recommendations will help Missouri protect and enhance the national security investments made here as the state prepares for the budgetary climate of the future.



Protecting and Caring for the Vulnerable

Missouri Housing Development Commission

One of Treasurer Zweifel's duties as State Treasurer includes serving as a Commissioner for the Missouri Housing Development Commission (MHDC). In this capacity he has regularly created new opportunities to combat homelessness in the state while increasing transparency and accountability to taxpayers, including when he served as chairman from May 2009 to May 2010.

Treasurer Zweifel spearheaded an effort to develop and pass a long-term solution that protects groups at high risk of becoming or remaining homeless, including those with developmental disabilities, individuals with mental illness and children aging out of foster care. In 2011 the Treasurer's package was approved unanimously by the Commission. As a result, one third of federal and state low-income housing tax credits are set aside for developments containing special needs units, and more than 1,000 units of long-term supportive housing have been approved to date.



Treasurer Zweifel met Sherman, a veteran who will be living at the new Freedom Place special needs housing project in St. Louis on October 13, 2014.

Because of his work, MHDC is more proactive in the fight against chronic homelessness in Missouri and, by efficiently utilizing existing state and federal resources; it comes at no extra cost to taxpayers.

In September 2014, Treasurer Zweifel asked MHDC to conduct a quality of life study and analysis of MHDC properties in Ferguson and the surrounding regions. He continued working to address low-income housing issues in December, requesting a review of policies related to low-income housing concentration in North St. Louis County. Treasurer Zweifel recognizes the important role housing plays not only in the lives of citizens but in the development and health of the communities in which they are found. These efforts will help move Ferguson, North St. Louis County and all areas of the state forward.

Unclaimed Property Military Medals

Upon taking office in 2009, Treasurer Zweifel discovered that military medals found in safe deposit boxes turned over to the Treasurer's office as Unclaimed Property were being sold at public auction to the highest bidder. Treasurer Zweifel immediately put a stop to this practice and worked with the legislature to pass a law in 2010 banning any future State Treasurers from selling military medals or insignia found in Unclaimed Property. The Veterans' Medals Bill also allowed Treasurer Zweifel to work with veterans organizations and museums to seek the owners of the medals he protects. In 2013, he again worked with a bipartisan group of legislators to pass the Military Medal Return Bill which allows him to share the name and last known address of the owner of the safe deposit box in which military medals are found.



Thanks to these laws, Treasurer Zweifel has successfully returned 100 military medals, including 41 medals and insignia in 2014 alone. He continues to work with the public to return the more than 100 military medals and insignia he still protects. A complete list and images of the medals can be found online at www.treasurer.mo.gov/military.

Financial Literacy Efforts

Reaching the public

Treasurer Zweifel has visited hundreds of children across the state, talking about the importance of financial literacy and saving early. The Treasurer has spoken to parents about the importance of investments, particularly saving for college, and he has worked with organizations committed to ensuring financial literacy education is top notch in Missouri by helping provide training opportunities for teachers.

FinLitFriday

Treasurer Zweifel believes financial literacy is one of the most important tools we can provide to empower children and families in Missouri. Understanding budgets, credit, saving and retirement are essential for families to achieve financial security. To assist in this goal, Treasurer Zweifel created and launched #FinLitFriday in August 2014. Each Friday, he shares tips, articles and resources on Twitter and Facebook.



Providing Access to Higher Education



Treasurer Zweifel chairs the Missouri Higher Education Savings Program Board, which administers MOST – Missouri's 529 College Savings Plan. As a first-generation college graduate himself, Treasurer Zweifel understands the importance of higher education accessibility and has worked to ensure that the MOST 529 Plan is easy to use and provides Missourians the choices they need to begin saving for their children's postsecondary education.

There is currently more than \$2.4 billion invested in nearly 150,000 MOST—Missouri's 529 College Savings Plan accounts across both the Direct and the Advisor Plans. Treasurer Zweifel has worked to increase awareness of both plans, and since he took office in 2009 has seen a 127 percent growth in the plan assets and 28 percent growth in number of accounts. He also has worked at the federal level to advocate for the importance of 529 Plans and the opportunities they offer families wishing to help their children.

Treasurer Zweifel negotiated lower plan costs and a \$500,000 financial assistance package to provide for matching grants to qualified Missouri residents in 2011. The MOST 529 Matching Grant program was launched in 2012. This program provides a dollar-for-dollar match on contributions into a MOST 529 Direct Plan account up to \$500 per year for qualifying applicants. The program was completed in January 2015, with more than 1,100 MOST 529 Matching Grants awarded over the three years of the program.

The success of the MOST 529 Matching Grant program has inspired several private and non-profit organizations, schools and businesses to approach Treasurer Zweifel about child development accounts of their own. St. Louis-based Beyond Housing launched the first child development account partnership with Treasurer Zweifel's office and MOST 529 in

2012. In 2014, three new child development account partnerships were launched with KIPP Victory Academy in St. Louis, Wells Fargo and the United Way of Greater St. Louis, and the Scholarship Foundation of St. Louis. Each of the child development account partnerships includes a private funder, school collaboration, financial education components and a goal to encourage families to save early and often for higher education.



Through efforts like the MOST 529 Matching Grant program and child development account partnerships, Treasurer Zweifel has worked to increase the awareness of the MOST 529 Plan. In May 2014, he sponsored a giveaway to celebrate 529 Day (May 29). More than 10,900 Missourians entered the contest for a chance to win a \$5,290 MOST 529 account and thousands of Missourians began following MOST on Facebook and Twitter. In September 2014, Treasurer Zweifel sponsored a College Savings Month Poster Contest in which he challenged students in kindergarten through fifth grade to draw a picture of what they want to be when they grow up. More than 230 posters were received. A grand prize winner was selected from grades kindergarten through second and third through fifth. Each student received a \$1,500 MOST 529 account. Treasurer Zweifel asked the public to help



Treasurer Zweifel presents a commemorative check for \$5,290 to Thompson family as winners of the MOST 529 Day Contest.

him choose a People's Choice winner from 10 posters in each grade group. More than 1,400 votes were cast and the two winners each received a \$529 contribution into a MOST 529 account.

By reducing costs and providing easy-to-use and understandable investment options, Treasurer Zweifel has ensured that more Missourians than ever before are saving for their children's higher education. In addition, efforts such as the matching grant program, giveaways, a social media presence, events such as the State Fair, editorials, and consistent online and television advertising have allowed the Treasurer to ensure higher education is an ongoing conversation in Missouri households.

Next steps — 2015 and beyond

Treasurer Zweifel is in his second and final term as Missouri State Treasurer. Throughout his administration he has worked diligently to protect consumers, grow the economy and provide Missourians with access to affordable, quality education. As he enters 2015, the Treasurer continues

to look beyond the core functions of his office into ways to improve the lives of Missouri families. Two of his top priorities are making quality education affordable and accessible to every dedicated Missouri student willing to work and empowering Missourians to save for a dignified retirement.



MISSOURI STATE TREASURER
CLINT ZWEIFEL

STATE CAPITOL – JEFFERSON CITY

P.O. BOX 210

JEFFERSON CITY, MO 65102

(573) 751-2411

FAX (573) 751-9443

RELAY MO/DEAF TTY(800) 735-2966

WWW.TREASURER.MO.GOV